loan, the progress of the scheme for which the loan is granted, repayment of the loan with interest thereon and remittance to the credit of the Fund.

(2) Proof of the requirement of the margin money having been deposited in a "no lien" account.

(3) Creation of security for the loan by way of bank guarantee/first charge failing which second charge/extended charge on the fixed assets of the sugar unit, the facility of charge being permissible upto sugar season 1998-99.

(4) All sums which have been become due to the Sugar Development Fund at the time of disbursement having been repaid.

(c) Provision for short term loans has been made by way of introduction of a rule in the SDF Rules, 1983 *viz.* Rule 17A which is still in force. The provision for allowing loans for providing inputs for sugarcane development was incorporated by way of an amendment as it was observed that sugar mills in several areas were finding it difficult to get adequate sugarcane and there was a marked trend of cultivators shifting to other crops. In order to facilitate the availing of the loan by sugar units the benefit of security on charge as mentioned in part (b) above was made acceptable for a limited period. Till date, 179 sugar units have availed of these loans.

(d) Mill-wise details are given in the Annexure. (*See* Appendix 190, Annexure No. 27)

(e) The provision of the SDF Rules, 1983 under which short term loan is allowed has not been withdrawn.

Poor quality rice supplied to Karnataka

2067. SHRI K. C. KONDAIAH: Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether Government are aware that poor quality rice was supplied to Karnataka by Food Corporation of India through the Public Distribution System;

(b) if so, whether the Karnataka Government had returned the poor quality rice;

(c) the quantity of rice so returned; and

(d) the steps taken to supply good quality rice to Karnataka?

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (SHRI SRIRAM CHAUHAN): (a) No rice beyond PFA limits was supplied to the Government of Karnataka under the PDS. However, rice stocks procured under relaxed specifications as prescribed by the Government of India during 1997-98 and 1998-99 was issued under PDS. The URS rice stock of 1997-98 crop has now been stopped for issue under PDS out of deference to the wishes of the state Government, even though such rice was within PFA limits.
(b) and (c) No stock of rice has been returned by State Government of Karnataka to FCI.

(d) Following steps have been taken to issue good quality rice under PDS

(i) Instructions have been issued to the Senior Regional Manager, Karnataka not to issue URS rice of crop year 1997-98 to the State under PDS/TPDS and issue only good quality rice including URS '1998-99 for PDS/TPDS'.

(ii) Ample opportunities are provided to the state Governments or their representatives to inspect the rise stock prior to lifting from FCI godowns.

(iii) Joint sealed samples are drawn by the officers of State Government not below the rank of inspector and FCI to display at the counters of Fair Price Shops for the benefit of consumers.

(iv) Surprise checks are carried out by the senior officers of the Ministry and the FCI to monitor the quality of foodgrains issued under PDS/TPDS.